

FOR CONSIDERATION By the Committee on Governmental Oversight and Accountability

585-02745-22

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1 A bill to be entitled
2 An act relating to public employment; amending s.
3 121.091, F.S.; authorizing Special Risk Class members
4 who are law enforcement officers and meet certain
5 criteria to participate in the deferred retirement
6 option program for an additional time period; amending
7 s. 121.71, F.S.; revising required employer retirement
8 contribution rates for each membership class and
9 subclass of the Florida Retirement System; amending s.
10 121.72, F.S.; revising allocations to investment plan
11 member accounts; providing a declaration of important
12 state interest; providing an effective date.

13
14 Be It Enacted by the Legislature of the State of Florida:

15
16 Section 1. Paragraph (b) of subsection (13) of section
17 121.091, Florida Statutes, is amended to read:

18 121.091 Benefits payable under the system.—Benefits may not
19 be paid under this section unless the member has terminated
20 employment as provided in s. 121.021(39) (a) or begun
21 participation in the Deferred Retirement Option Program as
22 provided in subsection (13), and a proper application has been
23 filed in the manner prescribed by the department. The department
24 may cancel an application for retirement benefits when the
25 member or beneficiary fails to timely provide the information
26 and documents required by this chapter and the department's
27 rules. The department shall adopt rules establishing procedures
28 for application for retirement benefits and for the cancellation
29 of such application when the required information or documents

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30 are not received.

31 (13) DEFERRED RETIREMENT OPTION PROGRAM.—In general, and
32 subject to this section, the Deferred Retirement Option Program,
33 hereinafter referred to as DROP, is a program under which an
34 eligible member of the Florida Retirement System may elect to
35 participate, deferring receipt of retirement benefits while
36 continuing employment with his or her Florida Retirement System
37 employer. The deferred monthly benefits shall accrue in the
38 Florida Retirement System on behalf of the member, plus interest
39 compounded monthly, for the specified period of the DROP
40 participation, as provided in paragraph (c). Upon termination of
41 employment, the member shall receive the total DROP benefits and
42 begin to receive the previously determined normal retirement
43 benefits. Participation in the DROP does not guarantee
44 employment for the specified period of DROP. Participation in
45 DROP by an eligible member beyond the initial 60-month period as
46 authorized in this subsection shall be on an annual contractual
47 basis for all participants.

48 (b) *Participation in DROP.*—Except as provided in this
49 paragraph, an eligible member may elect to participate in DROP
50 for a period not to exceed a maximum of 60 calendar months.

51 ~~1.a. An eligible member may elect to participate in DROP~~
52 ~~for a period not to exceed a maximum of 60 calendar months.~~
53 ~~However,~~ Members who are instructional personnel employed by the
54 Florida School for the Deaf and the Blind and authorized by the
55 Board of Trustees of the Florida School for the Deaf and the
56 Blind, who are instructional personnel as defined in s.
57 1012.01(2)(a)-(d) in grades K-12 and authorized by the district
58 school superintendent, or who are instructional personnel as

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59 defined in s. 1012.01(2)(a) employed by a developmental research
60 school and authorized by the school's director, or if the school
61 has no director, by the school's principal, may participate in
62 DROP for up to 36 calendar months beyond the 60-month period.
63 Effective July 1, 2018, instructional personnel who are
64 authorized to extend DROP participation beyond the 60-month
65 period must have a termination date that is the last day of the
66 last calendar month of the school year within the DROP extension
67 granted by the employer. If, on July 1, 2018, the member's DROP
68 participation has already been extended for the maximum 36
69 calendar months and the extension period concludes before the
70 end of the school year, the member's DROP participation may be
71 extended through the last day of the last calendar month of that
72 school year. The employer shall notify the division of the
73 change in termination date and the additional period of DROP
74 participation for the affected instructional personnel.

75 b. Administrative personnel in grades K-12, as defined in
76 s. 1012.01(3), who have a DROP termination date on or after July
77 1, 2018, may be authorized to extend DROP participation beyond
78 the initial 60 calendar month period if the administrative
79 personnel's termination date is before the end of the school
80 year. Such administrative personnel may have DROP participation
81 extended until the last day of the last calendar month of the
82 school year in which their original DROP termination date
83 occurred if a date other than the last day of the last calendar
84 month of the school year is designated. The employer shall
85 notify the division of the change in termination date and the
86 additional period of DROP participation for the affected
87 administrative personnel.

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88 c. Effective July 1, 2022, a member of the Special Risk
89 Class who is a law enforcement officer who meets the criteria in
90 s. 121.0515(3)(a) may participate in DROP for up to 36 calendar
91 months beyond the 60-month period if he or she enters DROP on or
92 before June 30, 2028.

93 2. Upon deciding to participate in DROP, the member shall
94 submit, on forms required by the division:

95 a. A written election to participate in DROP;

96 b. Selection of DROP participation and termination dates
97 that satisfy the limitations stated in paragraph (a) and
98 subparagraph 1. The termination date must be in a binding letter
99 of resignation to the employer establishing a deferred
100 termination date. The member may change the termination date
101 within the limitations of subparagraph 1., but only with the
102 written approval of the employer;

103 c. A properly completed DROP application for service
104 retirement as provided in this section; and

105 d. Any other information required by the division.

106 3. The DROP participant is a retiree under the Florida
107 Retirement System for all purposes, except for paragraph (5)(f)
108 and subsection (9) and ss. 112.3173, 112.363, 121.053, and
109 121.122. DROP participation is final and may not be canceled by
110 the participant after the first payment is credited during the
111 DROP participation period. However, participation in DROP does
112 not alter the participant's employment status, and the member is
113 not deemed retired from employment until his or her deferred
114 resignation is effective and termination occurs as defined in s.
115 121.021.

116 4. Elected officers are eligible to participate in DROP

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117 subject to the following:

118 a. An elected officer who reaches normal retirement date
119 during a term of office may defer the election to participate
120 until the next succeeding term in that office. An elected
121 officer who exercises this option may participate in DROP for up
122 to 60 calendar months or no longer than the succeeding term of
123 office, whichever is less.

124 b. An elected or a nonelected participant may run for a
125 term of office while participating in DROP and, if elected,
126 extend the DROP termination date accordingly; however, if such
127 additional term of office exceeds the 60-month limitation
128 established in subparagraph 1., and the officer does not resign
129 from office within such 60-month limitation, the retirement and
130 the participant's DROP is null and void as provided in sub-
131 subparagraph (c)5.d.

132 c. An elected officer who is dually employed and elects to
133 participate in DROP must terminate all employment relationships
134 as provided in s. 121.021(39) for the nonelected position within
135 the original 60-month period or maximum participation period as
136 provided in subparagraph 1. For DROP participation ending:

137 (I) Before July 1, 2010, the officer may continue
138 employment as an elected officer as provided in s. 121.053. The
139 elected officer shall be enrolled as a renewed member in the
140 Elected Officers' Class or the Regular Class, as provided in ss.
141 121.053 and 121.122, on the first day of the month after
142 termination of employment in the nonelected position and
143 termination of DROP. Distribution of the DROP benefits shall be
144 made as provided in paragraph (c).

145 (II) On or after July 1, 2010, the officer may continue

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146 employment as an elected officer but must defer termination as
 147 provided in s. 121.053.

148 Section 2. Subsections (4) and (5) of section 121.71,
 149 Florida Statutes, are amended to read:

150 121.71 Uniform rates; process; calculations; levy.—

151 (4) Required employer retirement contribution rates for
 152 each membership class and subclass of the Florida Retirement
 153 System for both retirement plans are as follows:

154

Membership Class	Percentage of Gross Compensation, Effective July 1, <u>2022</u> 2021
155 156 157 Regular Class	<u>5.96%</u> 4.91%
158 159 Special Risk Class	<u>16.44%</u> 15.27%
Special Risk Administrative Support Class	<u>10.77%</u> 9.73%
Elected Officers' Class— Legislators, Governor, Lt. Governor, Cabinet Officers,	<u>9.31%</u> 8.49%

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State Attorneys,
Public Defenders

160

Elected Officers' Class—
Justices, Judges

14.41% ~~13.38%~~

161

Elected Officers' Class—
County Elected Officers

11.30% ~~10.28%~~

162

Senior Management Service
Class

7.70% ~~6.49%~~

163

DROP

7.79% ~~7.23%~~

164

165 (5) In order to address unfunded actuarial liabilities of
166 the system, the required employer retirement contribution rates
167 for each membership class and subclass of the Florida Retirement
168 System for both retirement plans are as follows:
169

Percentage of
Gross
Compensation,
Effective

Membership Class

July 1, 2022 ~~2021~~

170

171

Regular Class

4.23% ~~4.19%~~

172

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173	Special Risk Class	<u>9.67%</u> 8.90%
	Special Risk Administrative Support Class	<u>26.16%</u> 26.31%
174	Elected Officers' Class— Legislators, Governor, Lt. Governor, Cabinet Officers, State Attorneys, Public Defenders	<u>56.76%</u> 53.52%
175	Elected Officers' Class— Justices, Judges	<u>27.64%</u> 25.81%
176	Elected Officers' Class— County Elected Officers	<u>43.98%</u> 39.42%
177	Senior Management Service Class	<u>22.15%</u> 20.80%
178	DROP	<u>9.15%</u> 9.45%
179		

180 Section 3. Subsection (5) of section 121.72, Florida
 181 Statutes, is amended, and subsection (6) is added to that
 182 section, to read:

183 121.72 Allocations to investment plan member accounts;
 184 percentage amounts.—

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185 (5) Effective July 1, 2012, through June 30, 2022,
 186 allocations from the Florida Retirement System Contributions
 187 Clearing Trust Fund to investment plan member accounts are as
 188 follows:

Membership Class	Percentage of Gross Compensation
Regular Class	6.30%
Special Risk Class	14.00%
Special Risk Administrative Support Class	7.95%
Elected Officers' Class— Legislators, Governor, Lt. Governor, Cabinet Officers, State Attorneys, Public Defenders	9.38%
Elected Officers' Class— Justices, Judges	13.23%
Elected Officers' Class— County Elected Officers	11.34%

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197

Senior Management Service
Class

7.67%

198

199

(6) Effective July 1, 2022, allocations from the Florida

200

Retirement System Contributions Clearing Trust Fund to

201

investment plan member accounts are as follows:

202

Membership Class

Percentage of Gross
Compensation

203

204

Regular Class

9.30%

205

Special Risk Class

17.00%

206

Special Risk Administrative
Support Class

10.95%

207

Elected Officers' Class--
Legislators, Governor,
Lt. Governor, Cabinet

Officers,
State Attorneys, Public
Defenders

12.38%

208

Elected Officers' Class--
Justices, Judges

16.23%

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209

Elected Officers' Class-

County Elected Officers 14.34%

210

Senior Management Service

Class 10.67%

211

212 Section 4. The Legislature finds that a proper and
 213 legitimate state purpose is served when employees, officers, and
 214 retirees of the state and its political subdivisions, and the
 215 dependents, survivors, and beneficiaries of such employees,
 216 officers, and retirees, are extended the basic protections
 217 afforded by governmental retirement systems. These persons must
 218 be provided benefits that are fair and adequate and that are
 219 managed, administered, and funded in an actuarially sound manner
 220 as required by s. 14, Article X of the State Constitution and
 221 part VII of chapter 112, Florida Statutes. Therefore, the
 222 Legislature determines and declares that this act fulfills an
 223 important state interest.

224

Section 5. This act shall take effect July 1, 2022.